



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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In the Matter of Application of
CALIFORNIA-AMERICAN WATER
SERVICE COMPANY (U 210 W) for an
order authorizing it to increase its rates for
water service in its Los Angeles District to
increase revenues by \$2,020,466 or 10.88% in
the year 2007; \$634,659 or 3.08% in the year
2008; and \$666,422 or 3.14% in the year
2009.

A.06-01-005
(Filed January 9, 2006)

**OPPOSITION OF THE DIVISION OF RATEPAYER ADVOCATES
TO THE MOTIONS FOR PARTY STATUS FILED BY CALIFORNIA WATER
SERVICE COMPANY AND THE CALIFORNIA WATER ASSOCIATION**

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June 4, 2007

Attorney for
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Pursuant to Rule 11.1(e) of the Rules of Practice and Procedure (Rules) of the California Public Utilities Commission (CPUC or the Commission), the Division of Ratepayer Advocates (DRA) hereby submits its opposition to the Motions of California Water Service Company (CWS) and California Water Association (CWA) for party status in this proceeding.¹

CWA and CWS submitted motions to be parties in this proceeding on May 29, 2007, concurrently filing comments on the Proposed Decision of ALJ Walwyn that addresses the revenue requirement for California-American Water Company's (Cal-Am's) Los Angeles District (Proposed Decision or PD).² Both Cal-Am and DRA filed comments on the Proposed Decision on the same day.³

¹ Motion of California Water Service Company For Party Status (May 29, 2007) (CWS Motion); Motion of California Water Association For Party Status (May 29, 2007) (CWA Motion).

² Proposed Decision of ALJ Walwyn, Opinion Adopting the Revenue Requirement for California-American Water Company (Los Angeles District) (mailed May 7, 2007).

³ Comments of California-American Water Company on the Proposed Decision of Administrative Law Judge Walwyn (May 29, 2007) (Cal-Am Comments); Comments of the Division of Ratepayer Advocates
(continued on next page)

CWA seeks to “address whether the relationship between a WRAM [Water Revenue Adjustment Mechanism] and a utility’s return on equity should be more appropriately handled in a generic proceeding, such as the Water Conservation Proceeding, in subsequent cost of capital proceedings, or in this immediate GRC [general rate case].”⁴ CWS uses almost identical language, and adds that it seeks to “respond to statements in the PD that do not accurately represent Cal Water’s testimony and the position it took in Phase II of the Commission’s Drought OII [Order Instituting Investigation].”⁵

Whether a water utility’s return on equity (ROE) should be adjusted if a WRAM is adopted has been an active issue before this Commission since A.05-08-006 et al, a general rate case for eight of CWS’ districts ⁶ in which DRA argued that the WRAM proposed by CWS would decrease normal business risk.⁷ There is little doubt that the Class A water utilities regulated by this Commission closely followed the ROE/WRAM-related developments in A.05-08-006 et al, and have continued to do so since the beginning of this proceeding. In this Cal-Am GRC, the public was put on formal notice that the ROE/WRAM issue would be addressed when DRA recommended a reduction in ROE due to a WRAM on May 5, 2006, when DRA filed its Report on the Cost of Capital.⁸ CWS and CWA have nevertheless waited until May 29, 2007, after a PD addressing the ROE/WRAM issue had been mailed, to request party status.

The motions of CWS and CWA should be denied because the potential intervenors have effectively waited until receiving an adverse Proposed Decision before committing

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on Phase One Proposed Decision (May 29, 2007) (DRA Comments).

⁴ CWA Motion at 2.

⁵ CWS Motion at 2.

⁶ The eight CWS districts were: Antelope Valley, Bear Gulch, Dominguez-South Bay, Hermosa-Redondo, Kern River Valley, Marysville, Palos Verdes, and Redwood Valley.

⁷ See Report on the Water Revenue Adjustment Mechanism (WRAM) Proposed By California Water Service Company, Office of Ratepayer Advocates (December 19, 2005) at 7-10.

⁸ Exhibit 37, Report on the Cost of Capital, Division of Ratepayer Advocates (May 5, 2007) at 3-2. Cal-Am did not move to strike this issue in DRA’s testimony, and the Commission has not indicated in any way that the impact of a WRAM on Cal-Am’s ROE should be removed from the scope of this proceeding or that such a re-scoping was under consideration.

any resources to participating in the proceeding. With the exception of CWS' arguments regarding whether the PD "misrepresented" CWS' testimony from a previous proceeding, neither CWS nor CWA bring unique or under-represented perspectives to the table. Cal-Am is fully capable of addressing all of the issues identified by CWS and CWA that relate to Cal-Am's own ROE and WRAM. Cal-Am has, in fact, done so.² For these reasons, DRA recommends that the motions of CWS and CWA for party status in this case be summarily denied as untimely.

Respectfully submitted,

/s/ NATALIE D. WALES

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² Cal-Am Comments at 2-12.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document
“**OPPOSITION OF THE DIVISION OF RATEPAYER ADVOCATES TO THE
MOTIONS FOR PARTY STATUS FILED BY CALIFORNIA WATER SERVICE
COMPANY AND THE CALIFORNIA WATER ASSOCIATION**” in **Proceeding
No. A.06-01-005** by using the following service:

☒ **E-Mail Service:** sending the entire document as an attachment to all known
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☐ **U.S. Mail Service:** mailing by first-class mail with postage prepaid to all
known parties of record who did not provide electronic mail addresses, if any.

Executed on June 4, 2007 at San Francisco, California.

/s/ ALBERT HILL

Albert Hill

N O T I C E

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